

# **PAY-AS-YOU-DRIVE INSURANCE PILOT PROGRAM**

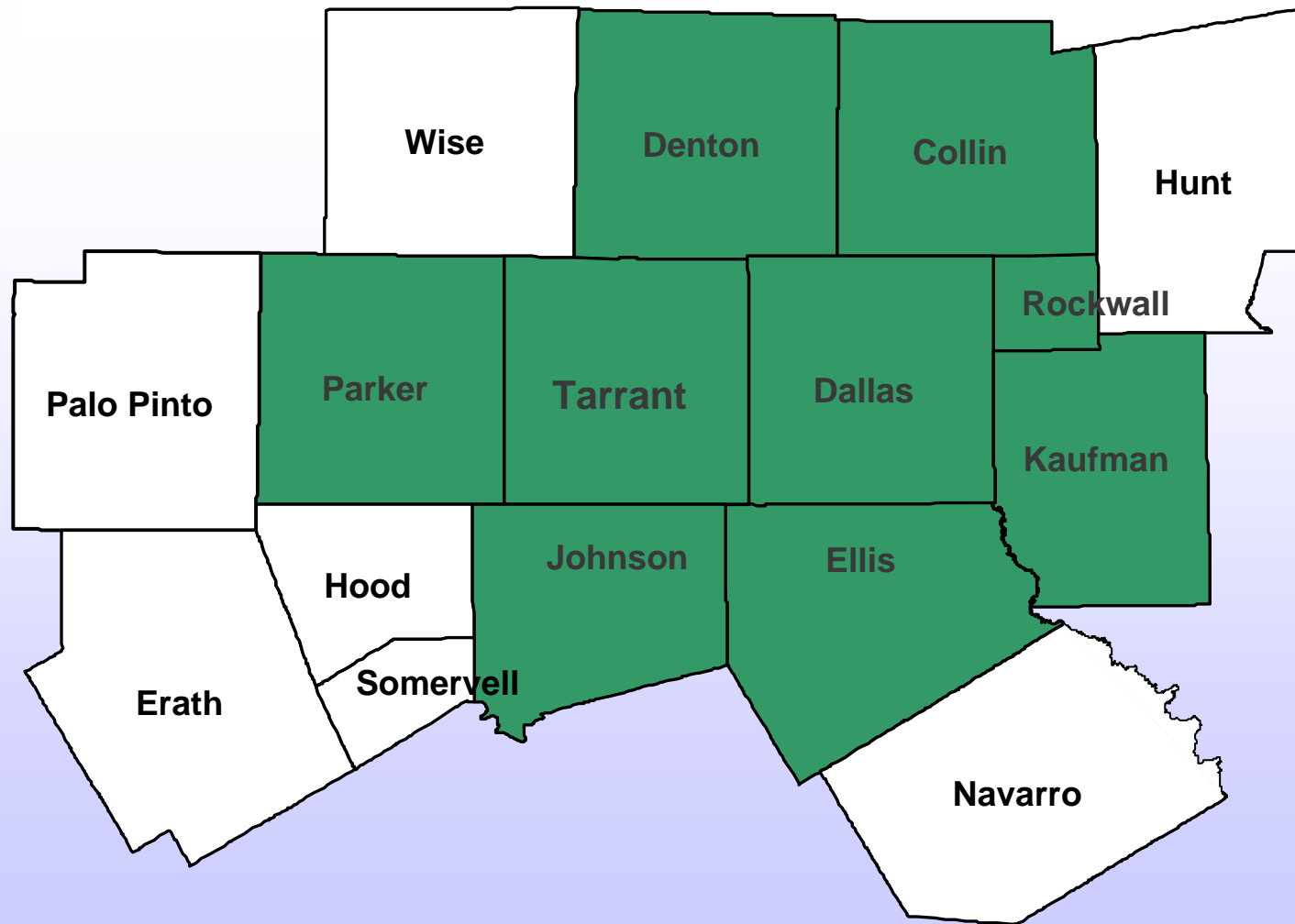
**2005 Air Innovations Conference  
August 24-26, 2005  
Chicago, Illinois**

**Carrie Reese  
Senior Transportation Planner  
North Central Texas Council of Governments**



# 8-HOUR OZONE NONATTAINMENT AREA

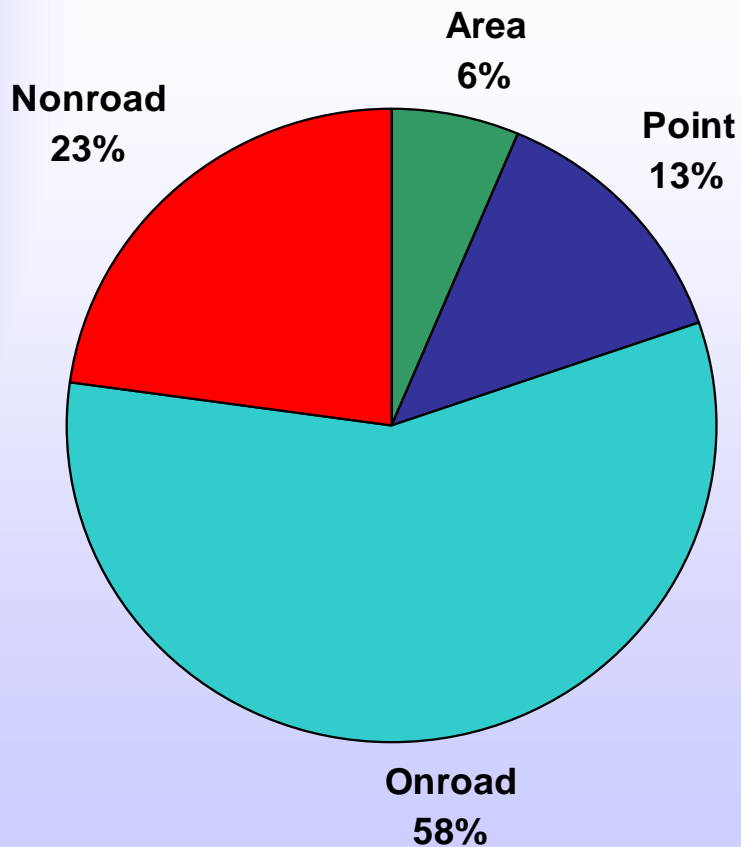
## North Central Texas



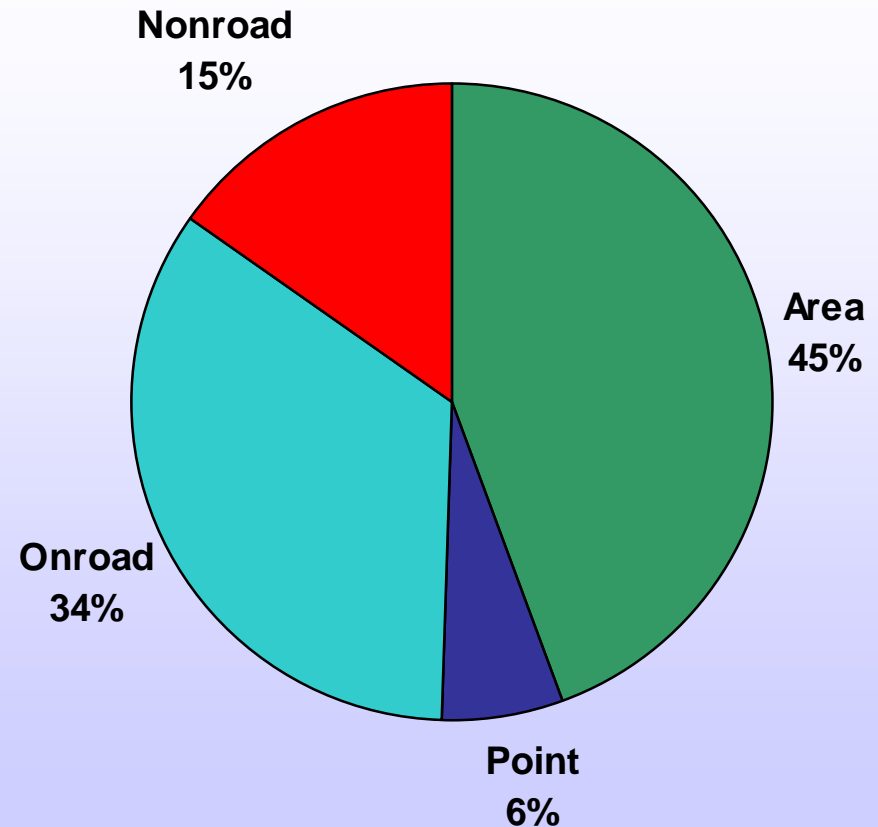
# EMISSION CONTRIBUTION BY SOURCE

## North Central Texas

2002 Nitrogen Oxide Emissions



2002 Volatile Organic Compound Emissions



# **PAY-AS-YOU-DRIVE INSURANCE**

## **General Benefits**

**Increase Insurance Affordability**

**Increase Insurance Cost Equitability**

**Reduce Uninsured Driving**

**Reduce Vehicle Miles Traveled**

**Decrease Road and Parking Facility Costs**

**Reduce Risk, Increase Safety**

**Reduce Congestion**

**Reduce Harmful Vehicle Emissions**



# PAY-AS-YOU-DRIVE INSURANCE

## Potential VMT and Emission Reductions

North Texas Nonattainment Area*		
Light-Duty Vehicles VMT	Resulting NOx (tons/day)	Resulting VOC (tons/day)
140,481,393	147.7	136.2

Market Penetration	Percent Reduced	VMT	NOx (tons/day)	VOC (tons/day)
<b>U.S. Environmental Protection Agency (2003)</b>				
25%	2.0%	2,809,628	3.0	2.7
50%	3.0%	4,214,442	4.4	4.1
100%	4.0%	5,619,256	5.9	5.4
<b>Houston Galveston Area Council (2003)</b>				
10%	0.8%	1,109,493	1.2	1.1
25%	2.0%	2,806,365	3.0	2.7
50%	3.9%	5,547,465	5.8	5.4
100%	7.9%	11,062,298	11.6	10.7
<b>Victoria Transport Policy, Todd Litman (2004)</b>				
25-50%	3.7%	5,197,812	5.5	5.0
<b>Houston Advanced Research Center (2004)</b>				
19%	2.9%	4,073,960	4.3	3.9

VMT = Vehicle Miles Traveled

\*Source: Texas Commission on Environmental Quality, 5% IOP SIP, Dallas-Fort Worth Ozone Nonattainment Area 8-Hour Ozone Standard, April 2005



# **PAY-AS-YOU-DRIVE INSURANCE**

## **North Central Texas Pilot Program**

**Goal:** To Determine the Validity of Using Mileage as a Risk Factor and Measure the Impact of Insurance Incentives on Driver Behavior

**Approach:** Two-Phased Pilot Program

<b>Funding:</b>	<b>Total</b>	<b>\$1,875,000</b>
	<b>Federal STP-MM</b>	<b>\$1,500,000</b>
	<b>Local Match</b>	<b>\$375,000</b>



# NORTH CENTRAL TEXAS PILOT PROGRAM

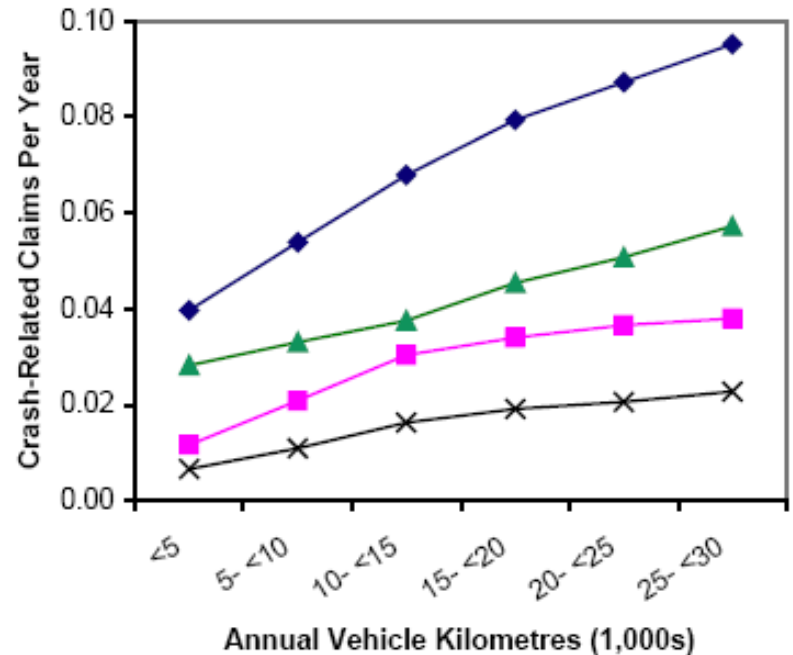
## Phase 1

**Test the Hypothesis that  
Lower Mileage Equals  
Lower Risk**

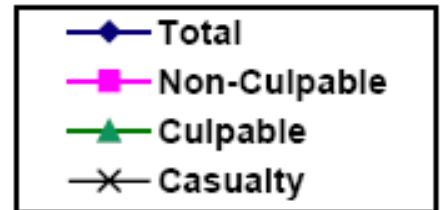
**Partnership with Two  
Insurance Agencies**

**Data Sources:  
Claims Records  
Odometer Readings  
Registration Data**

**Crash Rates by Annual Vehicle Mileage**



Crashes per  
vehicle tend to  
increase with  
annual mileage



# **NORTH CENTRAL TEXAS PILOT PROGRAM**

## **Phase 2**

**Test the Impact of Insurance Incentive on  
Driver Behavior**

**Program Phase 2 Funded at \$1,875,000**

**Request For Proposals from Texas-Licensed Insurers**

**18-Month Program**

**November 2006 through April 2007**

**Technology Neutral**

**Odometer Audits, On-Board Diagnostics,  
Global Positioning Systems, Etc.**





# **NORTH CENTRAL TEXAS PILOT PROGRAM**

## **Barriers Encountered**

### **Legal Authorization**

**Transportation Equity Act for the 21st  
Century (TEA-21)  
Texas House Bill 45**

### **Eligibility of Funding**

### **Non-Traditional Partnerships**

### **Public Perception**



# **NORTH CENTRAL TEXAS PILOT PROGRAM**

## **Information Sources**

Please visit  
<http://www.dfwcleanair.com/programs/for>  
the latest available information.

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